



Discussion of Net Energy Metering Successor Tariff or Contract Options

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<http://www.cpuc.ca.gov/PUC/energy/DistGen/NEMWorkShop04232014.htm>





Introduction and Overview

Net Energy Metering (NEM) program background

PU Code Section 2827.1(b) requirements:

- 1.Ensure that customer-sited renewable distributed generation continues to grow sustainably;
- 2.Ensure that the successor tariff made available to customer-generators is based on the costs and benefits of the renewable electrical generation facility;
- 3.Ensure that the total benefits of the tariff to all customers and the electrical system are approximately equal to the total costs;





Introduction and Overview

PU Code Section 2827.1(b) requirements (cont.):

4. Include specific alternatives designed for the growth of renewable distributed generation among residential customers in disadvantaged communities;
5. Establish terms of service and billing rules for customer-generators; and,
6. Allow distributed generation projects sized to customer load that are greater than 1 MW in size to interconnect under reasonable charges if they do not have significant impact on the distribution grid.





Introduction and Overview

Goals for this workshop:

1. Outline the expectations and schedule for the development of a successor tariff or standard contract
2. Promote open, informal discussion regarding possible Guiding Principles and Program Elements to consider in the new tariff/contract
3. Discuss other issues relevant to the forthcoming net energy metering (NEM) proceeding





Introduction and Overview

Role of the NEM
Alternatives Public Tool



Proceeding and timing issues

- Stakeholder input and process for getting proposals on record





Developing Guiding Principles

What are Guiding Principles?

- Goals for our new successor tariff/contract to achieve
- Criteria by which to judge proposals
- Consensus-based normative statements
 - “The successor tariff should...”

In 2015, we should be able to ask:

- How do specific proposals meet our Guiding Principles? How well do various proposals perform across them all?





Thinking of Guiding Principles as Criteria

- How well does each option meet:

	Tariff Option #1	Tariff Option #2	Tariff Option #3
1. AB 327 Goals	✓	✓	✗
2. Market Certainty	✓	✓	✗
3. Simpl., Trans. & Equity	✗	✓	✓
4. Innovation and Growth	✗	✓	✓
5. Other Policies and Goals	✗	✓	✓





Possible Guiding Principles #1-3

The successor tariff should...

1. Be consistent with and balance the legislative goals identified in AB 327
2. Minimize uncertainty in the market for (and financing of) customer generation projects
3. Encourage simple, transparent and equitable policies for all parties, customers and utilities





Possible Guiding Principles #4-5

The successor tariff should...

4. Promote innovation and growth among different technologies and financing structures
5. Be consistent with the Commission's policies and goals relating to distributed energy resources:
 - Energy Efficiency, Zero-Net-Energy, Energy Storage, Demand Response, Integrated Demand-Side Mgmt., Renewable Energy Credits (RECs), etc





Possible Guiding Principles

To summarize:

1. AB 327 Goals
2. Market Certainty
3. Simplicity, Transparency, Equity
4. Innovation and Growth
5. Consistency with Other Policies and Goals





Possible Guiding Principles

Discussion Questions:

1. Most important objectives to customers?
2. Definition of sustainable growth?
3. Lessons learned from NEM, CSI, SGIP?
4. Other possible Guiding Principles?





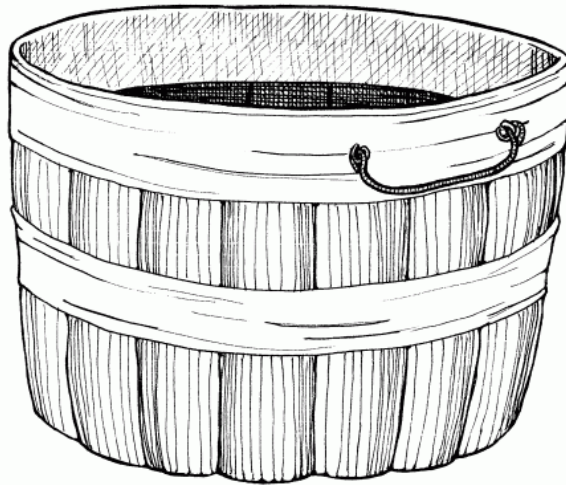
Developing Program Elements

Net Energy Metering
bill credits

Faster interconnection and
associated avoided fees

Avoided standby
charges

Avoided public
purpose charges



Current NEM Policies

What are Program Elements?

- All of the individual components that could be included in the scope of the successor tariff/contract





Possible Pricing Mechanisms

Contract

Tariff (also a type of contract)

Form of Compensation

Check

Bill credit

Pricing

Avoided cost, market price, fixed or variable over time, etc.

Components and rules of rates/tariff; could incorporate avoided costs or market prices

Quantity

All generation or net exports

Possible Secondary Program Elements

Interconnection application and distribution upgrade fee exemptions

Faster interconnection processing times

Other rate component exemptions (departing load charges, standby charges, etc.)

Renewable Energy Credits

Energy storage systems

Possible Variants to Tariff or Contract

Bill credit sharing among benefitting accounts, multi-metered properties, or contiguous parcels





Possible Program Elements

Discussion Questions:

1. Other important elements? Possible components of pricing mechanisms?
2. Alternatives for residential customers in disadvantaged communities? One tariff or several?
3. Incorporation of local grid benefits?
 - a) Do we have sufficient information available?
 - b) If not, can we gather it before mid-2015?
4. Processes to evaluate systems greater than 1 MW?





Other Issues to Consider and Further Discussion

Continued discussion of Guiding Principles or Program Elements

Coordination between other Proceedings

- Rates Proceeding (R.12-06-013)
- Rule 21 Proceeding (R.11-09-011)
- Others?





Wrap-Up

Next steps and upcoming events

- New NEM successor tariff/contract proceeding
- Informal written comments on possible Guiding Principles and Program Elements
- Future workshops and development of NEM Alternatives Public Tool





Thank You!

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